

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF INSURANCE, SECURITIES AND BANKING  
810 FIRST ST., NE, SUITE 701  
WASHINGTON, DC 20002**

**IN THE MATTER OF:**

**Group Hospitalization and Medical Services, Inc.,  
Rate Filing #1277DC GHMSI Ind65+  
SERFF Tracking Number CFAP-126300746**

**CASE No. IB-RF-03-10**

**ORDER**

**Background**

On September 14, 2009, Group Hospitalization and Medical Services, Inc. ("GHMSI") filed with the Department of Insurance, Securities and Banking ("Department") rate proposals for GHMSI Inc., d/b/a CareFirst BlueCross BlueShield's Individual, Medigap Medical Coverage, Rate Filing #1277DC, SERFF Tracking Number CFAP-126300746 ("Filing"). In the Filing, GHMSI proposed a 22.5% increase to the rates of its Individual Standardized Medicare Supplement Non-Underwritten Plan ("Non-Underwritten Plan"), and a 17.3% increase to the rates of its Individual Standardized Medicare Supplement Underwritten Plan ("Underwritten Plan"), together referred to as the "Plans". The proposed rate increases for the Plans had an effective date of January 1, 2010.

Since the effective date of the Filing, the Department has received numerous complaints regarding increases in the premium costs of certain health insurance policies issued in the District of Columbia. The Department was concerned about the fiscal impact of the Plans' rate increases to the Plans' subscribers and contacted GHMSI regarding the rate increases approved for the Plans.

The Department is concerned about the impact of the Plans' rate increases to subscribers of the Plans and has worked with GHMSI cooperatively to reduce the increase in rates charged to the Plans' policyholders. As a result of the negotiations between the Department and GHMSI, it is determined that it is in the best interest of the Plans' subscribers that GHMSI rescind its requests for the Plans' rate increases in excess of 12% for 2010. GHMSI has consented to the Department's reduction to the 2010 increase in the premium rates for the Plans to a maximum increase of 12% over the Plans' 2009 premium rates. Additionally, GHMSI has consented to the issuance of this Consent Order.

### **Findings**

The Department of Insurance, Securities and Banking, having reviewed the Filing, makes the following findings:

- (1) The Filing increased the premium rates of the Non-Underwritten Plan by 22.5% over the 2009 premium rates for the Non-Underwritten Plan;
- (2) The Filing increased the premium rates of the Underwritten Plan by 17.3% over the 2009 premium rates for the Underwritten Plan;
- (3) GHMSI has agreed to the Department's rescission of its approval of the Filing as it relates to the premium rate increases to the Plans in excess of 12% of the 2009 premium rates for the Plans;
- (4) GHMSI will maintain the rates for the Plans at an amount equal to a 12% increase in the Plan rates over the 2009 premium rates for the Plans, for 2010; and
- (5) The Department has authority to rescind the previously approved rates pursuant to section 9 of the Hospital and Medical Services Corporation Regulatory Act of 1996 (D.C. Law 11-245; D.C. Official Code § 31-3508) and in accordance with this Consent Order, GHMSI has withdrawn its request for rates increases above 12% for the Plans for 2010.

**IT IS THEREFORE ORDERED**, based on each of the **FINDINGS** set forth above, that the approval of the Filing provided on October 19, 2009, is hereby rescinded and modified to provide a maximum 12% increase in the premium rates for the Plans for 2009, and any such rates in excess of that amount shall not be effective after March 12, 2010; and

**IT IS FURTHER ORDERED, THAT**, GHMSI, in its continued cooperation with the Department and for the benefit of the affected Plans' policyholders, will provide refunds to the Plans' policyholders for any premium paid in 2010 in excess of a 12% increase in the Plans' premium rates charged in 2009.

It is so **ORDERED** on the date stated herein below.



Gennet Purcell  
Commissioner

Dated this 12<sup>th</sup> day of March 2010.